



SIGIR ACCOMPLISHMENTS

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

MARCH 2010

The Office of the Special Inspector General for Iraq Reconstruction (SIGIR) is a cross-jurisdictional oversight agency created in late 2003 by the U.S. Congress to provide independent and objective oversight of the U.S. reconstruction program in Iraq. For more than six years, SIGIR has provided comprehensive, real-time results that have informed the government's decisions and provided accurate and timely information to the taxpayers. SIGIR's body of work is also influencing how the United States conducts stabilization and reconstruction operations in Iraq and other contingency environments, including Afghanistan. All of SIGIR's reports are available online at www.sigir.mil.

SIGIR's contributions include:

- 24 Quarterly Reports to Congress
- 324 audit and inspection reports
- 399 recommendations to improve program activities
- 28 Congressional testimonies
- 5 Lessons Learned reports

So far, SIGIR's oversight and investigative work has resulted in almost \$82 million in U.S. taxpayer funds saved or recovered and more than \$229 million put to better use.

Investigations. SIGIR investigators are stationed both in Iraq and the United States. To date, SIGIR's investigative work has led to:

- 33 criminal indictments
- 26 arrests
- 25 convictions
- \$53.7 million in court-ordered restitution payments and forfeitures

SIGIR's Investigations Directorate works closely with a diverse array of U.S. and foreign law enforcement agencies, including:

- Federal Bureau of Investigations
- Internal Revenue Service
- Defense Criminal Investigative Service
- U.S. Army Criminal Investigation Command - Major Procurement Fraud Unit
- Immigration and Customs Enforcement
- Iraq's Commission on Integrity
- Iraq's Ministry of the Interior
- Various Coalition-partner countries' investigative services

As of March 4, 2010, SIGIR has 118 open investigations. To manage this caseload more efficiently, SIGIR recently hired 3 experienced federal prosecutors to ensure that these cases receive prompt and due attention from the Department of Justice.

Table 1 displays SIGIR's most notable investigative achievements, including the discovery of the largest fraud case involving U.S. citizens working in Iraq, the Bloom-Stein conspiracy.

Audits. SIGIR has produced 160 audit reports containing 399 recommendations, with 17 more audits currently underway. Upcoming SIGIR audits will continue to examine the multi-billion dollar police training program, assess more than \$30 million worth of projects in the Baghdad International Airport Economic Zone, and look at the efficacy of the Sons of Iraq, a program in which the U.S. military paid former Sunni militants to achieve security outcomes.

In 2008, SIGIR issued a comprehensive audit capping report identifying four recurring issues that have plagued the U.S. reconstruction effort since its inception:



At the second bidding round for oil service contracts, held by Iraq's Ministry of Oil on December 11–12, 2009, oil company representatives placed their sealed bids into a clear box, meant to symbolize the transparency of the process. The ministry accepted seven bids. The auction results could significantly elevate Iraq's position as a global oil exporter in the next 10 to 15 years. (GOI photo)

SIGIR's Mission

- To provide independent and objective oversight of Iraq reconstruction policies, programs, and operations through comprehensive audits, inspections, and investigations.
- To provide information, analysis, and recommendations that promote economy, efficiency, and effectiveness and prevent, detect, and deter fraud, waste, and abuse.

SIGIR's Vision

- To be a dynamic and innovative organization that promotes the effective stewardship of U.S. funds appropriated for Iraq's reconstruction.

SIGIR's Values

- **Professionalism**—ensuring respect, integrity, and competence in all activities.
- **Productivity**—producing quality products in a timely fashion.
- **Perseverance**—accomplishing our mission in the face of adversity.

TABLE 1: SIGNIFICANT SIGIR INVESTIGATIONS

INVESTIGATION	DATE RANGE	CRIME	RESULTS
Bloom-Stein	2003–2005	Bribery and fraud	9 indictments; 8 convictions; fines, forfeitures, and restitution totaling \$7.8 million; and prison sentences ranging from 6 months to 9 years.
Cockerham Task Force	2003–2007	Bribery, conspiracy, fraud, kickbacks, money laundering, and filing false tax returns	11 indictments; 9 convictions; fines, forfeitures, and restitution totaling more than \$37.6 million; and prison sentences ranging from 1 year to 17½ years.
David Ramirez	2006–2007	Bulk cash smuggling and structuring financial transactions	Ramirez was indicted, convicted, and sentenced to more than 4 years in prison. He was also ordered to forfeit more than \$233,000 in property and vehicles.
Captain Michael Nguyen, U.S. Army	2007–2009	Theft of government property, money laundering, and structuring financial transactions (involving more than \$690,000 in CERP funds)	Indicted and pled guilty; awaiting sentencing.
Camp Zaytun	2007–2008	Bribery and misappropriation	Four Coalition partner military personnel were indicted, and three were convicted and sentenced to between 2 and 5 years in prison. More than \$1.1 million was also recovered.
Development Fund for Iraq (DFI)	2003–2009	False claims	Recovery of more than \$15.9 million of DFI Funds.

- Lack of an integrated management structure providing clear lines of responsibility and accountability
- Failure of managers to understand the unique problems associated with implementing reconstruction programs in an unstable security environment
- High staff turnover due, in part, to short tours of duty
- Failure to obtain host-country “buy in” by not involving the Government of Iraq (GOI) in the planning process

SIGIR audits have also contributed to the improved management of:

- Asset-transfer initiatives
- Private security contractors
- Provincial Reconstruction Teams (PRTs)
- U.S. anticorruption programs
- Information management systems
- Commander’s Emergency Response Program (CERP) guidelines
- Human resources (lengthened tours of duty)
- Contract awards fees

Table 2 summarizes SIGIR’s most significant audit work.

Forensic Audit Initiative. SIGIR is required by law to prepare a final forensic audit report on all U.S. funds made

available for Iraq reconstruction. SIGIR’s approach combines automated data mining with audit and investigative techniques to detect anomalous transactions and develop relevant evidence for use in administrative actions or criminal prosecutions. As of January 31, 2010, SIGIR’s forensic auditors have accomplished the following:

- Reviewed about 73,000 transactions valued at approximately \$28 billion
- Identified almost \$340 million in transactions requiring additional analysis to determine whether they were fraudulent or improper
- Uncovered activities leading to the opening of 27 criminal investigations involving 36 subjects

SIGIR will be issuing its second interim report on the forensic audit initiative later in 2010.

Inspections. SIGIR pioneered the use of teams of auditors and engineers to conduct on-site inspections of reconstruction projects. SIGIR was also the first inspector general to utilize satellite imagery to produce site assessments of projects in locations too dangerous or remote for inspectors to visit. SIGIR’s Inspections Directorate has:

- Issued 164 project assessment reports
- Conducted 96 limited on-site assessments
- Performed 846 aerial assessments

Table 3 lists SIGIR’s most influential inspection reports.

Influence on Law and Policy. SIGIR’s reports have led to several important changes in U.S. reconstruction policy. These changes to the law and to key agencies’ policies and procedures have influenced the development of more effective approaches to stabilization and reconstruction operations. Some examples of how SIGIR’s oversight work has affected U.S. policy include:

- The reorganization of anticorruption and Rule of Law programs in Iraq
- The Congress’s imposition of stricter limitations on the amount of CERP funds that can be used on any one project
- The establishment of improved processes for transferring U.S.-funded assets to the GOI
- The issuance by the Office of Management and Budget of updated procurement guidance
- The establishment by the Congress of two new special inspectors general modeled on SIGIR (SIGAR and SIGTARP)
- The publication of a memorandum by the Army Vice Chief of Staff instructing all commands to identify and train “high quality” Contracting Officer Representatives (CORs) prior to deployment

TABLE 2: IMPORTANT SIGIR AUDIT ISSUES

AUDIT ISSUE AREA	AUDIT REPORTS	FINDINGS AND RECOMMENDATIONS	ACTIONS TAKEN
CERP Management	07-006 08-006	SIGIR found that CERP activities were not well coordinated with other reconstruction efforts, limiting their effectiveness. Moreover, guidance on the purpose of these projects was often unclear, and transfer to and sustainment by the GOI remained at issue. SIGIR recommended a number of improvements, including the development of more specific guidance on transition and sustainment of CERP projects above an established value.	Over time, DoD regulations have addressed many of SIGIR's concerns. For example, DoD's "Financial Management and Money as a Weapons System" regulations now require the Secretary of Defense to approve projects exceeding \$1 million, coordination with PRTs for any project over \$50,000, and reports on the impact of individual CERP projects and how they support the overall U.S. strategy.
Deployment of a Sufficient Number of Trained CORs	06-029 09-017 10-008	SIGIR's audits have demonstrated that the lack of a sufficient number of trained CORs made U.S. contracts vulnerable to fraud, waste, and abuse. This situation was particularly pronounced in DoD's management of the Theater Wide Security Contract, and DoS's management of the contract with DynCorp for police training.	The Department of the Army has: (1) increased the number of CORs in Iraq, (2) required more pre-deployment training, and (3) developed specific training for those managing CERP funds.
Coordination and Management of Private Security Contractors (PSCs)	09-019 09-022	SIGIR found that agencies lacked uniform policies and procedures to manage, oversee, and report on PSC operations and serious incidents, and recommended specific actions to address these issues.	DoD and DoS have strengthened their oversight, coordination, and control of PSC activities. DoD established Contractor Operations Cells to coordinate and manage the movement of PSCs working directly for DoD and DoS. DoD also established the Armed Contractor Oversight Division to receive serious incident reports involving DoD PSCs and to ensure incidents are tracked and investigated.
Application of Lessons Learned	08-017 09-011 10-005	SIGIR has identified lessons learned that need to be considered for future operations, both in Iraq and elsewhere. These include: improved PRT program management, better contract management, and host country support for U.S. efforts.	The Center for Army Lessons Learned, DoS, and the PRTs have all implemented processes to capture lessons learned. To address the importance of contract oversight, the Defense Contract Management Agency is significantly increasing the number of its oversight personnel. Additionally, CENTCOM wrote that lessons learned in Iraq were being applied in Afghanistan. For example, to ensure host government support, local projects are vetted to ensure alignment with national plans

TABLE 3: KEY SIGIR INSPECTIONS

PROJECT ASSESSED	INSPECTION REPORTS	FINDINGS AND RECOMMENDATIONS
Al Fatah Horizontal Directional Drilling	SA-05-001	Critical drilling reports and ground inspections were ignored by the contractor, which led to the horizontal directional drilling's failure. In addition to ignoring the geologist's recommendations, there was also a flawed construction design and inadequate oversight by the U.S. Army Corps of Engineers (USACE) and KBR.
Baghdad Police College	PA-06-078 PA-06-78.1 PA-06-78.2 PA-06-079 PA-06-79.1 PA-06-79.2	The workmanship was at a very low level of quality and did not comply with the international standards required by the contract and task orders. The improperly fabricated wastewater plumbing within the student barracks could potentially result in a reduction in the structural slabs' load-carrying capacity as well as other environmental and health hazards.
Mosul Dam	PA-07-105	An array of problems resulted in a failed project, including: inadequate construction; wrong materials and equipment procured and delivered; no spare parts planned for many items; and inadequate quality management program.
Nassriya Water Treatment Plant	PA-07-116	A part-U.S. and part-Iraqi project did not meet project expectations. The U.S. portion of the contract was fulfilled, but the Iraqi portion of rebuilding the water-pipe infrastructure and getting consistent power from the national grid has not been achieved after more than 4 years.
Kahn Bani Sa'ad Correctional Facility	PA-08-138	A contract to construct and repair the correctional facility at Kahn Bani Sa'ad was never completed. The project was abandoned prior to completion. Structural issues with numerous buildings were identified, and project materials were missing from the site. The GOI has no intention to complete and occupy the facility.

Lessons Learned. U.S. reconstruction efforts in Iraq are winding down, but the lessons learned over the past five years have application to current and future operations in Afghanistan, Pakistan, and elsewhere. To ensure that policy makers and reconstruction managers have easy access to the lessons of Iraq, SIGIR compiled five reports as part of its Lessons Learned Initiative. The first three reports focused on:

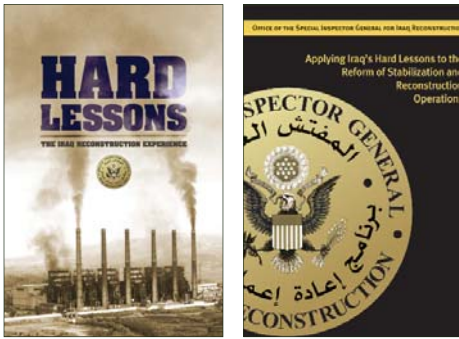
- Human capital management (2006)

- Contracting and procurement (2006)
- Program and project management (2007)

In February 2009, SIGIR published the penultimate report of its Lessons Learned Initiative. *Hard Lessons: The Iraq Reconstruction Experience* reviews the U.S. reconstruction program as it has evolved since 2003 and presents 13 lessons that could be applicable to other stabilization and reconstruction operations. After reviewing *Hard Lessons*, General



Kahn Bani Sa'ad Correctional Facility.



David Petraeus concluded that U.S. Central Command could and would apply 9 of the 13 lessons in Afghanistan.

On February 22, 2010, SIGIR issued its final Lessons Learned report, *Applying Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations*. This report proposes an innovative solution to the question of who should be accountable for planning and executing stabilization and reconstruction operations: the establishment of the U.S. Office for Contingency Operations (USOCO). Creating USOCO would prevent the recurrence of the kinds of management breakdowns so often experienced in Iraq. Most importantly, USOCO would provide:

- A single office whose sole mission would be to ensure that the entire U.S. civilian-military establishment is prepared for future contingency operations
- Someone to hold accountable for any failures in planning or execution

Coordinated Oversight. In 2004, SIGIR established the Iraq Inspectors General Council (IIGC). The IIGC membership includes all relevant oversight agencies operating in Iraq, meets on a quarterly basis, and provides these oversight agencies with an opportunity to resolve potential conflicts

at an early stage so as to maximize efficiencies and reduce redundancies.

Recognition. SIGIR has been repeatedly recognized for its oversight work.

- On October 24, 2006, the President's Council on Integrity and Efficiency (PCIE, later renamed the Council of the Inspectors General on Integrity and Efficiency, or CIGIE) awarded SIGIR the *Gaston L. Gianni, Jr. Better Government Award*. SIGIR was given the award "for demonstrating determination and courage in providing independent oversight and unbiased review of the United States' reconstruction efforts in Iraq." SIGIR also won two other PCIE awards in 2008.
- In 2009, CIGIE bestowed its *Sentner Award for Dedication and Courage* to members of SIGIR's Inspections Directorate in recognition of dangers they confront in traveling throughout Iraq to evaluate U.S.-funded reconstruction projects.
- CIGIE also presented its *Award for Excellence* to three SIGIR investigators and seven federal law enforcement counterparts in 2009 for their work in uncovering the Bloom-Stein conspiracy.
- SIGIR's Audits Directorate received a Peer Review grade of "pass with no deficiencies," the highest grade possible, during its 2009 CIGIE-mandated examination.

In addition:

- The Iraq Study Group's Recommendation 69 explicitly urged the Congress to renew SIGIR's oversight authority "for the duration of [U.S.] assistance programs in Iraq."
- The Gansler Commission recommended that the Army establish an Integrated Expeditionary Command with "an organic

legal, audit, and Inspector General capability (similar to SIGIR)—that addresses all contracts, including LOGCAP—involvement in-theater, to provide timely oversight and serve as a visible deterrent to fraud, waste, and abuse."

As Senator Byron Dorgan (D-N.D.) stated in November 2008, "There's much we would never know without the work that SIGIR has done." These sentiments were echoed across the aisle by Senator Susan Collins (R-Maine) in her February 2009 remarks to the Commission on Wartime Contracting in Iraq and Afghanistan: "[SIGIR and its] staff of skilled auditors and investigators, many serving in harm's way in Iraq, have proven time and again to be a much needed watchdog over taxpayers' dollars."

SIGIR's Transition Plans. With about \$3.1 billion in unexpended obligations from the four major Iraq reconstruction funds, approximately \$2.7 billion in unobligated funds, and a total of \$8.4 billion in new funds authorized and requested for fiscal years 2009–2011, SIGIR's oversight mandate remains significant. However, cognizant of the fact that the U.S. effort is scaling down and transitioning, SIGIR has begun to implement plans that will result in the organization dropping in size by one-third in fiscal year 2010 and another third in fiscal year 2011. Already, increased internal efficiencies have resulted in SIGIR returning \$7 million of its own unused funds to the U.S. Treasury. Ultimately, SIGIR's oversight mission will be transitioned to permanent oversight agencies, such as the Inspectors General in the Department of Defense, Department of State, and USAID.

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